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ECONOMIC DEFENSE INTELLIGENCE COMMITTEE

EDIC Case No. 17  
Control No. 2218  
13 February 1956

SUBJECT

Proposal for Identification of New Strategic Commodities.

ORIGINATING AGENCY AND DATE

CIA, 23 January 1956

DEADLINE

As soon as possible.

PROPOSED USE

To develop procedures to utilize the knowledge of scientific and technical personnel within the US Government for the continuing review and revision of commodity trade controls.

BACKGROUND

The attached paper (EDIC Intelligence Request No. 19) was approved by the Economic Defense Intelligence Committee at its meeting held on 9 February 1956. It was further agreed to transmit this paper to the EDAC Executive Committee for consideration of the proposals contained therein.

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Acting Executive Secretary

Distribution:

Cat. A--(8)  
B--(8-12,14)  
C--(1-3)  
D--(All)  
E--(1,2)

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ECONOMIC DEFENSE INTELLIGENCE COMMITTEE

EDIC Case No. 17  
9 February 1956

PROPOSAL FOR THE IDENTIFICATION OF NEW STRATEGIC COMMODITIES

1. Problem

The accomplishment of basic economic defense objectives requires the systematic identification of commodities not subject to embargo which have substantially increased in strategic importance to the Sino-Soviet Bloc because of scientific and technological developments. Such identification, together with the preparation of supporting intelligence and other data, is necessary for the purpose of determining US controls over new strategic commodities and technical data, and for negotiating appropriate changes in the International Lists.

2. Facts Bearing on the Problem

a) Policy Directives and Recommendations

The 1953 national policy directive, which established present US economic defense policies, called for the maintenance of flexibility with respect to the modification of controls, and for concentration on significantly strategic items, and provided that extensions of controls must be justified by new technology, intelligence or strategic evaluation.

The recommendations made by the CFEP Steering Group in mid-1955 went even further in this respect, in proposing that extensions of international trade controls should be made when clearly justified by new technology.

b) Rationale

Within the limits of internationally accepted trade-control levels, controls on specific commodities must undergo continuing modification in order to reflect technological changes. The modification of trade controls to keep abreast of changing technology is imperative in the current strategic situation because of the vital importance of technology to modern war potential.

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~~SECRET~~

EDIC Case No. 17

c) Present Arrangements and Activities

It is recognized that EDAC Working Group I and its member agencies and supporting elements continually assess the strategic significance of particular Bloc imports (including potential imports) in the light of available intelligence and technical data. However, no part of the EDAC structure maintains close or continuing contact on trade-control matters with those officials and employees of the US Government (in particular, the technical and the research and development personnel of the Armed Forces and the Department of Defense) who keep currently informed of scientific and technological developments. Thus there is need of a more systematic and comprehensive provision for bringing the main body of US Government scientific expertise to bear on the modification of trade controls.

3. Conclusions

Regular and effective liaison should be established between the EDAC structure and the US Government community of scientific and technical personnel, for the purpose of utilizing the knowledge and judgment of the latter in the periodic review and revision of US and international trade controls. The means by which this objective can be best achieved should be considered by appropriate ACEP and EDAC components. The following suggestions are submitted as a starting point.

a) Submission of a background statement and questionnaire (see Annex) to US Government scientific and technical components. This method would probably need to be supplemented by a previous briefing, in order to explain the import of the questions, and subsequent conferences with respect to the answers.

b) Establishment of a panel of scientific and technical consultants in appropriate special fields. These consultants would be specially briefed, and would serve as points of continuing contact between their parent organizations and the EDAC intelligence community.

c) Periodic intra-agency approaches, either formal or informal. Under this method, an EDAC representative of each of the Armed Forces, for example, would periodically draw upon the scientific and technical expertise within his own service, and would report his findings to the EDAC structure. A special subcommittee or working group would probably be necessary in order to pool and reconcile the various single-agency recommendations.

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EDIC Case No. 17

Annex

IDENTIFICATION OF NEW STRATEGIC COMMODITIES

Background Statement and Questionnaire

A. Background

It is the policy of the United States, in cooperation with a number of other countries, to refrain from supplying the Sino-Soviet Bloc with commodities which have important strategic uses. This policy requires continuing attention to scientific and technological developments affecting the actual or potential strategic importance to the Bloc of specific commodities. Accordingly, the following questionnaire has been prepared for submission to scientific and technical personnel.

Strategic goods, as understood in the US trade-control program, are those goods which would make a significant contribution to the war-making power of the Sino-Soviet Bloc.

Admittedly, strategic goods have different degrees of strategic importance, and any one is more or less strategic according to time, place and other circumstances. Since there is no clear line between "strategic" and "non-strategic", reasonable people sometimes disagree on particular items. It may be argued that any item makes some contribution to the war-making power of the importing country by strengthening its general economy. However, this fact alone is not considered a sufficient reason for controlling trade in time of peace. On the other hand, goods are not necessarily non-strategic if they have civilian as well as military uses.

The problem is further complicated by a number of other factors which must be taken into account, such as the interests of friendly countries and the mutual benefits of trade.

In spite of these complexities, it is possible to rate certain types of commodities as generally more strategic than others. Arms, ammunition and implements of war are in a class by themselves. Together with guided missiles and propellants, they compose a special trade-control Munitions List. Atomic energy materials and devices are also in a class by themselves, and compose an Atomic Energy List.

~~SECRET~~

EDIC Case No. 17

In addition, the following are illustrative of those types of commodities undergoing rapid technological change which are now considered to be highly strategic:

| <u>Type of Commodity</u>   | <u>Aspects to be Emphasized</u>  |
|--|--|
| Electronic equipment   | detection, guidance and control systems, including computers, equipment for making high-vacuum electronic tubes, automation and communications equipment, and new developments in electronic micro-engineering.              |
| <u>Chemicals and Chemical equipment</u>                            | jet fuels and rocket and missile propellants and their additives and plastics of military applications and equipment therefor.   |
| <u>Metal processing equipment</u>                                  | equipment for advanced high-temperature metallurgy (and ceramics) and powder metallurgy, and new developments in the metallurgy of hard alloys (e.g., tungsten, molybdenum) and in the metallurgy of magnesium and titanium. |
| <u>Petroleum equipment</u>   | advanced oil-prospecting equipment.  |
| <u>Electric power equipment</u>                                    | advanced electric power transmitting equipment.  |
| <u>Prime movers</u>  | gas turbines and related equipment.  |
| <u>Special machine tools</u>                                       | advanced metal-forming and metal-cutting equipment (especially very large or complex types).   |
| <u>Non-electronic precision instruments and control mechanisms</u> | types used in modern weapons systems and for industrial automation.  |

Equipment capable of making any of the above.

Substitutes and components of any of the above, and equipment capable of making such substitutes or components.

Devices and processes involving any of the above, especially those devices and processes that reduce costs or hazards or improve quality or uniformity.

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~~SECRET~~

EDIC Case No. 17

B. Questions:

1. Describe the device(s), process(es) and type(s) of commodities which may be strategic because of technological advance.
2. Identify as precisely as possible the commodities involved, including probable substitutes, give specifications, state tolerances, etc. How satisfactory are the substitutes (a) technologically and (b) economically?
3. Is this device or process in the research, development, pilot-plant or production stage? What is its present and prospective stage of advancement? If it is in the production stage, how widespread is its present use? How widespread is its probable future use? (Estimate timelags, if possible).
4. Can the technology of use and production be derived or reconstructed from the finished product(s)? From any components or intermediate products? From the raw materials or equipment used to make the product? Specify.
5. Where does the advanced technology lie - e.g., in the finished product, the input materials or components or the manufacturing equipment? Specify.
6. Has the technical literature given any indication that similar developments are taking place in other countries? Specify.
7. How does this device or process compare - in terms of cost (materials and labor) and reliability - with the next best way of accomplishing the same result?

Attachment:  
Strategic Commodity Listings.

- 5 -

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